

SENATE BILL 42 of the First Extraordinary Session  
By Ford J

AN ACT to amend Tennessee Code Annotated, Title 7, Chapters  
82 and 83; Title 65 and Title 67.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-6-206(b), is amended in subdivision (1) by deleting the language "one percent (1%)" and substituting instead the language "six percent (6%)" and by deleting the language "one and one-half percent (1.5%)" and substituting instead the language "six percent (6%)".

SECTION 2. Tennessee Code Annotated, Section 67-6-206(b), is further amended by deleting subdivisions (3), (4), (5), (6) and (7) in their entirety and substituting instead the following:

(3) Notwithstanding any other provision of law to the contrary, a portion of the six percent (6%) sales tax rate, as established and imposed by this act in this section, equal to one-half percent (0.5%) shall be dedicated for education purposes until changed by the general assembly. All revenue generated from such portion of the sales tax rate shall be deposited in the state general fund and earmarked for education purposes as provided in § 67-6-103(c)(2).

SECTION 3. Tennessee Code Annotated, Section 67-6-334, is amended by deleting the section in its entirety.

SECTION 4. Tennessee Code Annotated, Title 67, Chapter 6, Part 2, is amended by adding the following as a new section:

Section \_\_\_\_ (a) Notwithstanding any other provisions of this chapter to the contrary, a state tax shall be imposed at the rate of six percent (6%) with respect to the sale of gas, electricity, fuel oil, coal and other energy fuels sold directly to the consumer for residential use.

(b) (1) As used in this section, "sold directly to the consumer for residential use" includes the furnishing of gas, electricity, fuel oil, coal or other energy fuels to single private residences, including the separate private units of apartment houses and other multiple dwellings, actually used for residential purposes, which are separately metered or measured, regardless of the fact that a person other than the resident:

- (A) Is contractually bound to the supplier for the charges;
- (B) Actually pays the charges; or
- (C) Is billed for the charges.

(2) Use of electricity and other energy fuels in hotel or motel units by transient occupants does not constitute residential use.

(c) Notwithstanding any other provision of law to the contrary, a portion of the six percent (6%) sales tax rate, as established and imposed by this act in this section, equal to one-half percent (0.5%) shall be dedicated for education purposes until changed by the general assembly. All revenue generated from such portion of the sales tax rate shall be deposited in the state general fund and earmarked for education purposes as provided in § 67-6-103(c)(2).

SECTION 5. This act shall take effect July 1, 1999, the public welfare requiring it.